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AZ CORP. JUDGE ON
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2012 OCT 16 AM 10 02

8 Attorney for Arizona Public Service Company

9 **BEFORE THE ARIZONA CORPORATION COMMISSION**

10 **COMMISSIONERS**

11 GARY PIERCE, Chairman
12 BOB STUMP
13 SANDRA D. KENNEDY
14 PAUL NEWMAN
15 BRENDA BURNS

ARIZONA CORPORATION COMMISSION
DOCKETED

OCT 16 2012

DOCKETED BY

AM

16 IN THE MATTER OF THE APPLICATION
17 OF ARIZONA PUBLIC SERVICE
18 COMPANY FOR APPROVAL OF ITS 2012
19 RENEWABLE ENERGY STANDARD
20 IMPLEMENTATION FOR RESET OF
21 RENEWABLE ENERGY ADJUSTOR

DOCKET NO. E-01345A-11-0264

**APPLICATION TO MODIFY
RESIDENTIAL INCENTIVES**

22 Arizona Public Service Company has seen unprecedented participation in its
23 residential DE program this year. The residential, grid-tied photo-voltaic (PV) incentive
24 step-down mechanism implemented in 2012 began at \$0.75 per watt and decreased to
25 the current \$0.20 per watt level. Despite declining cash incentives, the solar industry has
26 increased its activity to match the incentive step downs. The Commission's step-down
27 mechanism has resulted in an unprecedented amount of solar with low direct cash
28 incentive levels. And maybe even more importantly, customer participation continues to
increase.

As reported on Arizonagoessolar.org and aps.com on October 12, APS has
received over 6,400 applications for residential grid-tied PV in 2012 for a total of 50
MW. In fact, APS recently received more than 160 incentive applications in a single
day at the \$0.20 per watt incentive level, more than the **weekly average** at the beginning

1 of 2012 when the residential PV incentive was \$0.75/watt. Collectively, these
2 applications consume over 98% of APS's 2012 residential PV budget. As of Friday,
3 October 12, approximately \$370,000 remains in this budget. By contrast, approximately
4 \$1.9 million remains in the non-PV budget.

5 APS projects that applications will exhaust the 2012 residential grid-tied PV
6 incentive budget in October. To provide additional funding in advance of the
7 Commission's decision regarding APS's 2013 RES Plan, the Company requests that the
8 Commission authorize APS to take the following actions:

- 9 (i) shift \$650,000 from APS's current non-PV incentive budget¹ to the current
10 residential grid-tied PV incentive budget; and
11 (ii) offer cash incentives at \$0.10/watt for residential grid-tied PV until this
12 funding is exhausted or the remainder of 2012, whichever occurs sooner.

13 The proposal to shift funds would leave the non-PV budget with over \$1.2 million for
14 incentives in 2012.

15
16 RESPECTFULLY SUBMITTED this 16th day of October, 2012.

17
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19 By:  for

Thomas A. Loquvam

20 Attorney for Arizona Public Service
21 Company

22 ORIGINAL and thirteen (13) copies
23 of the foregoing filed this 16th day of
October, 2012, with:

24 Docket Control
25 ARIZONA CORPORATION COMMISSION
26 1200 West Washington Street
Phoenix, Arizona 85007

27
28 ¹ APS's non-PV budget includes funds for off-grid wind, geothermal, solar space heating, solar water heating and off-grid PV.

1 COPY of the foregoing mailed/delivered this
16th day of October, 2012 to:

2 All Parties of Record.

3 Charlene Dodson
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Copies of the foregoing delivered
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